

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Develop a
Successor to Existing Net Energy Metering
Tariffs Pursuant to Public Utilities Code
Section 2827.1, and to Address Other Issues
Related to Net Energy Metering.

Rulemaking 14-07-002
(Filed July 10, 2014)

**REPLY COMMENTS OF VOTE SOLAR
ON AB 693 IMPLEMENTATION**

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August 16, 2016

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I. INTRODUCTION

Pursuant to the *Administrative Law Judge’s Ruling Seeking Proposals And Comments On Implementation Of Assembly Bill 693*, Vote Solar appreciates the opportunity to submit the following reply comments regarding implementation of the Multifamily Affordable Housing Solar Roofs Program (abbreviated herein as MAHSRP). Here, Vote Solar responds to other parties’ comments on the best use of CalEnviroScreen for MAHSRP and on appropriate tariffs and rates that should be available via MAHSRP. In summary, we further support a “statewide or utilitywide, whichever is broader” top 25% measurement using CalEnviroScreen, we oppose the use of a value of solar tariff at this time, and we further outline why the Commission should carefully consider the consequences before requiring MAHSRP participants to take service under a mandatory time-of-use tariff.

In addition, as a practical matter, because MAHSRP is a mouthful and difficult to pronounce as an acronym, we suggest the program could be referred to as MASR upon its implementation (standing for Multifamily Affordable Solar Roofs and pronounced ‘may-zur’).

II. RESPONSES TO PARTIES’ COMMENTS ON SPECIFIC QUESTIONS

Question 2. *Should the Program use the CalEnviroScreen tool developed by the California Environmental Protection Agency to determine the boundaries of “a disadvantaged community, as defined by the California Environmental Protection Agency pursuant to Section 39711 of the*

Health and Safety Code”? Why or why not? If you recommend using another method, please provide sources for the method, a detailed justification for its use, and examples of its potential application to the Program.

Response: In our opening comments, Vote Solar proposed that MAHSRP include the same rule for the use of CalEnviroScreen (CES) that the Commission has approved in SCE’s and SDG&E’s electric vehicle pilot programs in A.14-10-014 and A.14-04-014. In those EV pilot programs, each utility is required to analyze and demonstrate whether a statewide or utility-wide assessment of the top 25% CES census tracts would include more customers, and whichever is broader, they must use the broader set of maps to designate disadvantaged communities (DACs) for the purposes of this program. This approach is consistent with AB 693’s requirement that CES be used to define the boundaries of a disadvantaged community in the context of MAHSRP, while also creating the flexibility that will ensure each utility has a substantial amount of its territory made eligible as a disadvantaged community. As SDG&E states in its opening comments, “Using a statewide marker extremely limits the numbers of tracts as well as the low income tenants that can receive the credit in SDG&E’s area.”¹ A number of other parties also supported Vote Solar’s proposed approach in their opening comments, including the Center for Sustainable Energy (CSE), the Greenlining Institute (Greenlining), GRID Alternatives, and the Nonprofit Solar Stakeholders Coalition.²

The Utility Reform Network (TURN) also states concerns with a statewide CES measurement, and instead supports doing a top 25% assessment across the five private utility territories, presumably as a group.³ While this would be an improvement over a statewide designation, we do not see a reason why the assessment should be done across all five utilities as a group, rather than on a utility-by-utility basis. SDG&E supports doing a utility-specific top 20%, as opposed to 25%, assessment, noting that a 20% CES designation is used for its Green Tariff Shared Renewables (GTSR) program.⁴ However, the GTSR programs use a top 20% measurement

¹ SDG&E Opening Comments p.16.

² CSE Opening Comments pp.3-5, Greenlining Opening Comments p.2, GRID Alternatives Opening Comments p.7, Nonprofit Solar Stakeholders Coalition p.18.

³ TURN Opening Comments p.5.

⁴ SDG&E Opening Comments p.15.

because 20% was specified in SB 43,⁵ whereas AB 693 makes no such determination and the primary uses of CalEnviroScreen are generally more aligned with a top 25% measurement.⁶

Question 14. *How should the Commission address the requirements of Section 2870(g)(2)?¹³*

- a. *Which existing tariffs could this requirement implicate? Please specifically describe the relationship of Section 2870(g)(2) to each tariff identified.*

Response: While the vast majority of commenting parties agree with Vote Solar that virtual net metering (VNM) is the appropriate tariff for MAHSRP, TURN proposes that “[its] value of solar tariff proposal is a much better tariff option for this Program.”⁷ However, TURN’s value of distributed energy (VODE) proposal, which was outlined in 2015 comments in this proceeding,⁸ is not an appropriate tariff for MAHSRP at this time for at least two reasons. First, in D.16-01-044, the Commission upheld net metering as the right tariff structure for customer-sited solar for customers of the three IOUs until at least 2019. Preventing a specific group of low-income customers – those who live in deed-restricted multifamily affordable housing of 5 units or greater – from accessing the net metering and VNM successor tariffs available to all other rooftop solar customers of the IOUs, and requiring them to take service under a different tariff, would be unfair. Second, the Commission already determined in D.16-01-044 that now is not an appropriate time to embark on an effort to develop a VODE:

“... developing tools to understand the value of distributed energy, and to encourage the development and procurement of distributed energy of high value, is precisely the task of the DRP and IDER proceedings... While work on these issues is going on in those proceedings, it is neither administratively efficient nor fair to the parties participating in those tasks to jump the gun, as it were, and race off with a NEM successor tariff based on a valuation process special to this proceeding, but that the Commission is not using in its analysis of the value of distributed energy in general... The Commission expects that the work now under way in the various proceedings discussed in this decision will, when completed, provide information that will allow effective analysis of a VODE-type option

⁵ See PU Code Section 2883(d)(1)(a).

⁶ See for example CalEPA’s *Designation Of Disadvantaged Communities Pursuant To Senate Bill 535 (De León)*, p.1, at <http://www.calepa.ca.gov/EnvJustice/GHGinvest/Documents/SB535DesCom.pdf>.

⁷ TURN Opening Comments p.18.

⁸ *Proposal Of The Utility Reform Network For A Net Energy Metering Successor Standard Tariff*, August 3, 2015, pp. 3-7.

in the review of the successor tariff to be undertaken in 2019.”⁹

The Commission should stay the course laid out in D.16-01-044, gathering additional information on the benefits and costs of distributed energy in the coming years and evaluating tariff options, including VODE options, not just for MAHSRP but for all rooftop solar customers of the IOUs, in 2019.

b. How should the Commission account for the impact of potential changes to utility tariffs being considered in other proceedings or contexts (e.g., residential rate redesign) on the obligation set out in Section 28709(g)(2)?

Response: A number of other parties, like Vote Solar, noted in opening comments that the imposition of mandatory time-of-use (TOU) rates on MAHSRP customers in conjunction with VNM could have a large and detrimental impact on customer bill savings. Concerns about the potential impacts of mandatory TOU were raised by CALSEIA, GRID Alternatives, Greenlining, MASH Coalition, the Nonprofit Solar Stakeholders Coalition, and IREC.¹⁰ PG&E, however, disputes this concern, stating “Even with changing rates that begin to reflect the true value of distributed solar PV to the grid via reduced credits from updated TOU rates, for example, low-income customers will still see a direct economic benefit if all else relating to their energy usage is equal when compared to a situation where they would not have bill credits from a solar PV system.”¹¹

An illustrative example using current PG&E CARE rates shows that PG&E is missing a key point here, which is that subscribers also need to see a direct economic benefit when compared with their energy bills *before* being subscribed to solar. CALSEIA’s comments noted that according to responses to data requests to all three IOUs in R.12-06-013, the median consumption for CARE customers in multifamily housing is in the 250-499 kWh range, and MASH Coalition noted that affordable housing solar commonly offsets only “a moderate amount

⁹ D.16-01-044, pp.62-63.

¹⁰ CALSEIA Opening Comments p.23, GRID Alternatives Opening Comments p.18, Greenlining Opening Comments p.8, IREC Opening Comments pp.7-8, MASH Coalition Opening Comments pp.24-26, Nonprofit Solar Stakeholders Coalition Opening Comments pp.35-36.

¹¹ PG&E Opening Comments pp.26-27.

of tenant load, in the 25 to 50% range”.¹² Suppose that an affordable housing tenant is currently on CARE tiered rate EL-1 and uses 300 kWh per month, which charges her a flat 11.9 cents/kWh as she is in Tier 1 (we can ignore the minimum bill as it would stay constant across rate types). Her pre-solar bill would be $300 * 0.119 = \$35.70$ per month. Suppose the affordable housing owner were to go solar and switch her onto CARE TOU Rate EL-TOU Option B, which has on-peak hours of 4-9 pm Monday-Friday priced in the summertime at 21.2 c/kWh, with all other hours being off-peak priced in the summertime at 15.2 c/kWh.¹³ Then make a conservative assumption that in the summer months, her household uses 40% of its monthly demand in those Monday-Friday 4-9 p.m. on-peak hours and cannot shift any of that load, which would create a pre-solar monthly TOU bill of $(300 * .6 * .152) + (300 * .4 * .212) = \52.80 .

Further, suppose that being subscribed to MAHSRP gave her VNM credits for 25% of her 300 kWh demand (or 75 kWh), 10% of which was credited on-peak and 90% of which was credited off-peak. That would mean her on-peak demand would be credited by $7.5 \text{ kWh} * \$0.212 = \1.59 , and her off-peak demand would be credited by $67.5 \text{ kWh} * \$0.152 = \10.26 . So her total monthly solar savings in the summer months would be $\$10.26 + \$1.59 = \$11.85$, which subtracted from $\$52.80$ results in a net metered monthly bill of $\$40.95$, meaningfully higher than her pre-MAHSRP monthly bill of $\$35.70$. (In addition to assuming a relatively low on-peak energy demand, this example does not take into account non-bypassable charges that could be levied on the VNM generation, which would further increase her monthly bill.) While one could claim that such a summer net bill increase would be made up for in savings in the winter months, there is no guarantee that an affordable housing tenant will not move out of the building before winter. This example shows that despite PG&E’s claims to the contrary and using rates available today, requiring an affordable housing tenant to move onto a TOU rate while receiving VNM credits for solar under MAHSRP could well result in increased energy bills under many plausible scenarios, in direct violation of the requirements of Section 2870(g) that “utility bill reductions are achieved” and tariffs “continue to provide a direct economic benefit from the qualifying solar energy system.”

¹² MASH Coalition Opening Comments p.25.

¹³ Information on these PG&E rates found at <http://www.pge.com/residentialtou/>.

Furthermore, as MASH Coalition's comments imply, it appears that multifamily affordable housing owners generally make the decision to go solar and move their tenants onto VNM without their tenants' approval (although we understand that many building owners do work hard to provide their tenants with notice that changes have been made). Thus, if mandatory TOU were required in MAHSRP with later-day on peak periods as in the example above, low-income tenants would be placed on a new rate that could result in net bill increases without their prior approval. Such an outcome would be patently unfair and counter to the purpose of AB 693, which is to provide bill savings to affordable housing residents via solar.

We reiterate that the Commission must proceed carefully on this critical issue, gathering data on how mandatory TOU would affect MAHSRP customers before obligating those customers to move to a TOU rate as a condition of participating in the MAHSRP program. The MAHSRP program evaluation required in 2020 could be an appropriate time to assess whether MAHSRP customers should be obligated to take service on a TOU tariff, and if so to ensure that TOU rates are available in each IOU territory that meet Section 2870(g)'s requirement that "utility bill reductions are achieved" and tariffs "continue to provide a direct economic benefit from the qualifying solar energy system." In the meantime, MAHSRP participants could be subject to *default* (not mandatory) TOU on the same schedule as non-solar residential customers, i.e. in the 2019 timeframe at the earliest.

III. CONCLUSION

Vote Solar appreciates the opportunity to file these reply comments pursuant to the *Administrative Law Judge's Ruling Seeking Proposals And Comments On Implementation Of Assembly Bill 693*.

Respectfully submitted this August 16, 2016 at Oakland, California.

/s/ Susannah Churchill

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